



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

July 11, 2008

Michele Crocker
Vice President, Organizational Development
Herbalife International of America, Inc. (Herbalife)
1800 Century Park East
Century City, CA 90067

Dear Ms. Crocker:

RE: FINAL MONITORING VISIT REPORT for Herbalife – ET06-0305

Date of the Visit:	06/27/08
Beginning/Ending Time:	1:30 p.m. – 3:30 p.m.
Date of Last Visit:	08/27/07
Visit Location:	Torrance
Persons in attendance:	Gina Morey, Herbalife Rose Le Flore, Herbalife Mark Reeves, ETP Analyst
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	05/09/06 – 05/08/08	Agreement Amount:	\$454,680
Training Start Date:	05/10/06	No. to Retain:	400
Date Training must be Completed:	02/08/08	Range of Hours:	24 - 200
Type of Trainee:	Retrainee	Weighted Ave. Hours:	80 – 120

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SACRAMENTO, CA 95814
(916) 327-5640

N. HOLLYWOOD REGIONAL OFFICE
4640 Lankershim Blvd., Suite 311
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1065 East Hillsdale Blvd, Suite 415
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SAN DIEGO REGIONAL OFFICE
5353 Mission Center Road, Suite 110
SAN DIEGO, CA 92108
(619) 686-1920

FINAL REPORT SUMMARY:

• HISTORY OF AGREEMENT

Training began on May 10, 2006 and project staff reported that all training for this Agreement was completed by February 8, 2008, to allow for the 90-day retention period prior to the contract term end date of May 8, 2008.

• INTERVIEW WITH CONTRACT REPRESENTATIVE

Ms. Le Flore reported that Herbalife did not experience any significant barriers in implementing your ETP project. She stated that although the Advanced Technology (AT) training in Job 3 got off to a slow start, Herbalife was able to deliver a considerable amount of AT training during the second half of the Agreement term. However, she indicated that most of the trainees who participated in Job 3 finished just below the 80% completion requirement, so the company was unable to request reimbursement for any of these trainees.

With the exception of Job 3 falling short of its target, Ms. Le Flore reported that Herbalife's completion numbers for Jobs 1, 2, 4, and 5 reflect an overall successful training project for the company. She stated that the training has sparked internal support and interest in the company's training initiatives. She added further that the training has been instrumental in helping the company improve vital business processes.

Ms. Le Flore reported that your project staff did not experience any record keeping problems during the administration of this Agreement.

Ms. Le Flore and Ms. Morey inquired regarding the process of applying for another ETP contract. Mr. Reeves and your project staff discussed ETP's application process, recent program changes/additions, and potential substantial contribution implications. Mr. Reeves and your staff also discussed ETP's Variable Reimbursement method and Class/Lab Tracking System which Herbalife has not utilized in prior contracts. Ms. Le Flore and Ms. Morey indicated that Herbalife will be assessing future training objectives and evaluating the possibility of seeking additional ETP funding.

Breakdown and discussion of expected earnings:

During this meeting, Mr. Reeves advised project staff of one trainee (S. Ramirez) that still showed "enrolled" status in the ETP online system. Ms. Le Flore confirmed that the sole remaining enrolled trainee was an oversight during final billing. Mr. Reeves informed ETP's Fiscal Unit of this error. Only July 1, 2008 ETP Fiscal placed a billing override on the system to allow Ms. Le Flore to immediately submit a closeout invoice for the last trainee. As of the date of this report, all records now reflect that 300 trainees completed training and the 90-day retention period. Current ETP records show that Herbalife has earned \$323,908 or approximately 71 percent of the encumbered total. Project staff confirmed that the closeout invoice has been submitted and no additional changes are anticipated regarding the earnings total.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Job Number	Number To Retain	Number Enrolled in Training	Number of Trainees Dropped (following enrollment)	Number of Trainees Completed all Training (in Reten.)	Number of Trainees Completed Retention
1	90	102	46	56	56
2	100	106	14	92	92
3	40	0	0	0	0
4	90	105	22	83	83
5	80	89	20	69	69
Totals:	400	402	102	300	300

ATTENDANCE ROSTERS:

Herbalife chose ETP's fixed reimbursement method for this Agreement and elected to utilize its own tracking system to record trainees' class/lab training hours. During this visit, project staff made all training documents available for review and provided Mr. Reeves with a copy of Herbalife's final training statistics by job number.

Mr. Reeves reviewed class/lab attendance rosters for 12 trainees enrolled in Jobs 1, 2, 4, and 5. The rosters reviewed covered the period from May 10, 2006 through January 8, 2008. The review showed that the ETP requirements were met and properly documented. The rosters were complete and the curriculum specified in the Agreement was delivered. The review confirmed that the trainees completed 80 to 120 hours of class/lab training from the approved curriculum.

These findings are based only on the training records reviewed during this visit and represent only a sample of the training records completed to date. It is your responsibility to ensure that 100 percent of all training records are in compliance with Panel requirements prior to the closeout of this Agreement (Reference: Title 22, California Code of Regulations, Section 4442).

INVOICES:

During this meeting, Mr. Reeves validated training hours for trainees billed on placement Invoice Number 11.

AUDIT:

Herbalife will be notified in writing if this agreement is selected for an audit, conducted either at your site (field audit) or by telephone (desk audit or "review"). The Audit Notification and Audit Confirmation letters will be sent in advance to allow ample preparation time and will include a list of documents that will be examined by the auditor. To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION:

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Mr. Reeves at (818) 755-3635 or by e-mail at sreeves@etp.ca.gov within ten (10) working days from the receipt of this report.

Sincerely,

Signature on file

Dolores Kendrick, Manager
North Hollywood Regional Office

Signature on file

S. Mark Reeves, Contract Analyst
North Hollywood Regional Office

cc: Gina Morey, Herbalife
Rose Le Flore, Herbalife
David Guzman, Chief, Program Operations Division
Kulbir Mayall, Manager, Fiscal and Certification
Master File
Project File

Date report mailed to Contractor _____